

In re Application of Mark R. Duchow  
Serial No.: 09/682,876

For the following reasons, and in light of the rebuttal evidence presented by the attached Declarations, Applicant respectfully traverses these rejections and requests their withdrawal.

### **Background**

On-line marketing, advertising and promotion have become increasingly important in the competitive global marketplace. However, as with many other new technologies, Internet websites conventionally dedicated to advertising and marketing have encountered several problems that have limited their usefulness in some circumstances. One such circumstance involves the use of the Internet to promote products that are distributed to buyers through pre-existing "territorial" distribution systems. In a territorial distribution system, resellers are assigned geographic areas ("territories") in which they are allowed to sell the goods or services of a particular producer. Each reseller is typically given primary responsibility for the market within their respective territory, and they must usually pay for advertising and promotion of the producer's products within the territory.

In this type of distribution arrangement, a producer cannot typically provide a global discount or selling price over the Internet without upsetting its relationships with local resellers. For example, if a producer were to provide a global discount voucher to a buyer over the Internet, the buyer could take the voucher and redeem it at a reseller located outside the territory where the buyer is located. If this is done, the producer could be perceived as allowing some resellers to free ride on the time, money and effort that other resellers have put into marketing within their own territories. Thus, the producer could be perceived as injuring the reseller that is losing sales.

The net result is that producers and resellers that sell products within territorial distribution systems are currently constrained from effectively marketing, advertising, and

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promoting products over the Internet using the most effective buying incentive at their disposal: specific cash incentives for the products they sell.

This problem and its solution are entirely absent from the teachings of the cited references of Scroggie and Cupps. In stark contrast to Scroggie and Cupps, Applicant's claimed invention directly addresses this problem.

To solve this problem, Applicant's invention provides an improved system and method for downloading electronic vouchers. The vouchers are redeemable only at local resellers of specified products. A buyer can enter a website to view producer and product information. In the course of perusing the website, a buyer can enter personal information, such as an email address, mailing address or zip code. Based on the buyer information and product selection, a software program on the website can automatically select one or more resellers geographically closest to the buyer. The website can present the location(s) of the reseller(s) and then download an electronic voucher to the buyer, for redemption at a particular reseller. The voucher can indicate the name and location of the reseller, a cash value discount, and an expiration date.

**Rejection Under 35 U.S.C. §102(e)**

Independent claims 2, 3, 14, 15, 32, 44 and 53 stand rejected under §102(e) as being anticipated by Scroggie.<sup>1</sup> As will be explained in greater detail below, these claims are patentable over Scroggie because Scroggie does not teach or suggest an electronic voucher system or method that automatically selects a reseller based on both product selection and buyer information.

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<sup>1</sup> In our Remarks, we specifically focus on the patentability of the independent claims because dependent claims and multi-dependent claims, by their nature, include all of the features and elements of the independent claims. Therefore, if the independent claims are patentable over the cited references, the dependent claims are likewise patentable.

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As the Examiner is aware, anticipation under §102 requires that each and every element of a claim be disclosed in a single prior art reference. Further, the disclosure in the reference must be enabling; that is, it must put the claimed invention in the hand of one skilled in the art. Scroggie fails to anticipate Applicant's claimed invention because Scroggie fails to disclose each and every element of the claimed invention.

**A. Scroggie Does Not Teach Or Suggest The Claimed Means For Reseller Selection**

As discussed above, Applicant's invention is directed to systems and methods for distributing electronic vouchers over a computer network, such as the Internet. The electronic vouchers can be printable coupons that are redeemable only at specific resellers (retailers) that are determined according to the buyer's location and product selection. The vouchers provide cash discounts, rebates or other purchasing incentives that are designed to encourage buyers to purchase goods or services at the specified reseller.

In particular, independent claims 2 and 3 recite:

"A system for providing electronic vouchers, comprising . . .

means for the structured computer program to access a reseller database and select a reseller from the reseller database based on the product selection and the plurality of buyer information".

When given its proper scope, the above-quoted means-plus-function element is not disclosed by Scroggie, or any other cited reference. According to the rules of claim construction, means-plus-function claim language corresponds to the actual structures, processes, or physical things disclosed in the application that perform the claimed function. Applicant's specification discloses a software program and/or a third-party producer for automatically selecting a reseller without buyer intervention. (See Appl. No. 09/682,876, paragraphs 45, 68, 85). Thus, when construed in view of Applicant's disclosure, the above-quoted means-plus function element

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includes at least a software program executed by a computer or a third-party to perform the function of selecting the reseller. In no instance does the application disclose a system or method in which the user or buyer directly selects the reseller(s).

In sharp contrast to Applicant's invention, Scroggie discloses an electronic voucher system that requires the buyer to manually select the reseller. Scroggie's system does not include software or a third-party that automatically selects resellers (retailer) at which the incentive can be redeemed. Instead, Scroggie's system requires the customer (buyer) to designate a reseller (retailer) at which the purchasing incentive can be exercised. (See Scroggie, Abst.) In no instance does Scroggie disclose a system or method that automatically designates the reseller, as claimed by Applicant.

In fact, Scroggie teaches away from the claimed invention. Specifically, Scroggie states:

"For purchasing incentives redeemable at retail stores, the customer must provide identification information and must also designate a retailer (12) at which the purchasing incentive can be exercised." (See Scroggie, Abstract, emphasis added).

"[T]he method of the invention comprises a sequence of steps . . . The steps include . . . receiving incentive offer selection data from the customer . . . the offer selection data including the designation of a retailer at which selected offer or offers may be exercised." (See Scroggie, Col. 1, lines 50-65, emphasis added).

"[T]he incentive may be encoded with the identity of the retailer selected by the customer." (See Scroggie, Col. 2, lines 1-3, emphasis added).

"The invention may also be defined in terms of a method for distributing purchasing incentives and other shopping aids to customers over a communication network, the method comprising the steps of: (1) registering as a customer by providing at least an individual identification, a postal code, and retail store selection". (See Scroggie, Col. 3, lines 10-12, emphasis added).

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"[R]eceiving a customer designation of a retailer at which the selected incentives are to be exercised". (See Scroggie, Col. 3, lines 41-42).

"[T]he computer further includes means for transmitting terms of the purchasing incentive directly to the retail store designated by the customer". (See Scroggie, Col. 4, lines 12-14).

"The user selects a supermarket, as indicated in block 185 . . ." (See Scroggie, Col. 8, lines 57-58).

"When the user enters the final list generation phase, he or she will have to make a selection from a list of supermarkets in the immediate shopping area." (See Scroggie, Col. 9, line 66 – Col. 10, line 1).

Therefore, since Scroggie does not teach or suggest Applicant's software program or the third-party for selecting the reseller, it does not anticipate claims 2 and 3, or the claims dependent therefrom, under 35 U.S.C. 102(e).

In addition, independent claim 53 recites subject matter that is similar to that quoted above for claims 2 and 3. Specifically, claim 53 recites "a computer program . . . for selecting a reseller based on . . . buyer selection and buyer location". For at least the foregoing reasons, claim 53, as well as claims 54-55 by their dependency therefrom, are likewise patentable over Scroggie under § 102(e)

**B. Scroggie Does Not Teach Or Suggest Reseller Selection Based on Both Buyer Information And Product Selection**

Independent claims 14 and 15 recite:

"A method for providing electronic vouchers, comprising the steps of . . .

selecting a reseller from the reseller database based on the product selection and the plurality of buyer information".

Independent claims 2, 3, 32, 44, and 53 recite subject matter similar to the above-quoted feature.

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In no instance does Scroggie teach or suggest the selection of a reseller based on both buyer information and buyer product selection. In sharp contrast, Scroggie teaches reseller selection based on buyer location or a choice made directly by the buyer, without any reference to product selection. For example, Scroggie discloses that "The user selects a supermarket [reseller], as indicated in block 185, and then may select items included in the current list of special offers by the select supermarket, as indicated in block 186". (See Scroggie, col. 8, l. 52-55). This approach is entirely opposite to that claimed by Applicant. Applicant's claimed invention purposefully selects the reseller for the buyer based on location and product selection so as to restrict the use of electronic vouchers to local retailers selling the selected product. With the invention recited in the above-listed claims, a buyer is simply not permitted to select a reseller and then select products or offers available from that reseller. This contrasting approach to buyer interaction is what is taught by Scroggie, and thus, Scroggie cannot anticipate the claimed invention.

In the Office Action, the Examiner stated that the above-quoted features are taught by Scroggie at Col. 9, l. 66 - Col. 10, l. 3. As discussed above, Applicant respectfully submits that Scroggie teaches reseller (supermarket) selection based on the buyer's location or direct buyer selection, but does not teach or suggest reseller selection based on the buyer location and product selection. In particular, the section of Scroggie referred to by the Examiner discloses the Final List Generation function of Scroggie's system. As shown in Fig. 10, this function builds a shopping list (252) using the saved record of items selected by the user (254). The cited passage of Scroggie states:

*"When the user enters the final list generation phase, he or she will have to make a selection from a list of supermarkets in the immediate shopping area. All the coupons printed will be specific to this selected supermarket, and invalid everywhere else." (See Scroggie, Col. 9, l. 66 - Col. 10, l. 3, emphasis added).*

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This passage from Scroggie teaches reseller selection based on buyer location or buyer choice, but it plainly does not teach or suggest reseller selection based on the combination of buyer location and production selection.

For at least the forgoing reasons, claims 2, 3, 14, 15, 32, 44, and 53, as well as the respective claims dependent therefrom, are patentable over Scroggie under section 102(e).

**C. Scroggie Does Not Teach Or Suggest Resellers Having Predetermined Distribution Territories**

Independent claim 38 stands rejected under section 102(e) as being anticipated by Scroggie. Claim 38 recites "selecting a reseller having a predetermined distribution territory covering the geographic location of the buyer". In no instance does Scroggie disclose this feature. Scroggie makes no mention of reseller distribution territories, much less the selection of resellers based their distribution territories. For at least this reason, claim 38, as well as claims 39-43 are patentable over Scroggie under § 102(e).

**Rejection Under 35 U.S.C. §103(a)**

Independent claims 4, 12, 16, 21, 24, and 47 stand rejected under §103(a) as being obvious in view of the combination of Scroggie and Cupps.

The determination of obviousness under 103(a) requires a factual inquiry into the (1) the scope and content of the prior art, (2) the level of ordinary skill in the art, (3) the differences between the claimed invention as a whole and the prior art, and (4) any objective evidence of secondary considerations of non-obviousness, such as commercial success, copying, licensing, adoption by industry, long felt need, or failure of others. In addition, when an obviousness rejection is based on a combination of references, the prior art must provide a suggestion or motivation to combine the references as proposed by the Examiner. The mere fact that the prior art references may be modified in the manner proposed by the

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Examiner does not make the modification obvious unless the prior art suggests the desirability of the modification.

**A. Secondary Considerations Plainly Demonstrate Non-Obviousness Of The Claimed Invention**

Submitted herewith for the Examiner's review are three Declarations under § 1.132 made by Bruce Sargent, George Sullivan, and the Applicant Mark Duchow. The Declarations provide substantial factual support for the non-obviousness of the claimed invention. In particular, the Declarations show sufficient evidence of commercial success, industry adoption, licensing and copying of the claimed invention to overcome the obviousness rejection.

**1. The Commercial Success Achieved By Practicing The Claimed Systems and Methods Has Been Enormous**

The commercial success of an invention is a factor that weighs strongly in favor of a finding of non-obviousness. To establish commercial success as a secondary consideration, an applicant must show a sufficient relationship between the claimed invention and the commercial success. The term "nexus" is often used, in this context, to designate a legally and factually sufficient connection between the proven success and the claimed invention. A nexus is established when the applicant shows both that there is commercial success and that the commercial success is due to practicing the invention disclosed and claimed in the application. An applicant is not required to show that the commercial success of the claimed invention is not due to factors other than the claimed invention. It is sufficient to show that the commercial success was of the claimed invention itself. A requirement of proof of the negative of all imaginable contributing factors would be unfairly burdensome.

The commercial success of the invention specified by claims 4, 12, 16, 21, 24, and 47 is unquestionably established by the Declarations of Messrs. Sargent, Sullivan and Duchow. As detailed in Mr. Sargent's Declaration, the claimed methods and systems were employed



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during two separate Internet promotions of Glastron boats in 2001 and 2002. (Sargent Dec. ¶ 6). The claimed invention produced a significant impact on sales – increasing unit sales by 64.5% and revenue by \$3,100,000 over the previous year during the 2001 promotion, and increasing unit sales by 23.9% and revenue by \$4,800,000 during the 2002 promotion. (*Id.* ¶ 7). Mr. Sargent avers that this dramatic increase was due to the use of the claimed systems and methods. (*Id.* ¶ 8).

Mr. Sullivan's Declaration provides evidence that Genmar Holdings, Inc. achieved a significant increase in market share and unit sales by practicing the claimed methods and systems. (Sullivan Dec. ¶ 6). As stated by Mr. Sullivan, by practicing the claimed invention, Genmar was able to increase its market share for fiberglass boats by 14.2% and unit sales by 7.6%, while at the same time the industry segment for these boats experienced an overall decline in unit sales of (5.7%). (*Id.*) For aluminum boats, the use of the claimed invention caused a market share increase of 5.9% and a unit sale increase of 3.7%, while the industry experienced an overall decline in unit sales of (2.2%). (*Id.*) Thus, the information in the Sullivan Declaration strongly supports the non-obviousness of the claimed invention.

Mr. Duchow's Declaration provides further evidence of commercial success in that MRD Holdings has already received over \$680,000 in licensing fees for the claimed invention. (Duchow Dec. ¶¶ 5,6,8).

The abundant evidence of commercial success presented by the Declarations is by itself more than sufficient to rebut the rejection of claims 4, 12, 16, 21, 24, and 47, as well as those claims dependent therefrom, under § 103(a).

## 2. The Recreational Boating Industry Has Adopted The Claimed Invention

As stated in Mr. Duchow's declaration, six boat companies have adopted the use the claimed invention during 2001-2002, with and without Applicant's authorization. (Duchow

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Dec. ¶ 6). These six companies represent approximately 40% of the market for recreational boats in the United States. This widespread adoption of the claimed invention by the boating industry is substantial evidence of non-obviousness of the claimed invention.

3. The Claimed Invention Has Been Widely Licensed

Licensing an invention provides further evidence of non-obviousness. As stated in the Declarations, MRD Holdings, the assignee of the application, licensed the claimed invention to three different parties: Glastron, Wellcraft, and Genmar. (Duchow Dec. ¶¶ 5-7). As stated in the Declarations, Genmar and Glastron licensed the claimed invention because it created a new and unique method of promoting and selling boats. (Sargent Dec. ¶ 5, Sullivan Dec. ¶ 8). These factual averments are evidence of the non-obviousness of the pending claims.

4. The Claimed Invention Has Been Extensively Copied By Competitors

Another indicia of non-obviousness is copying of the invention by others. As stated in Mr. Duchow's Declaration, at least three competitors are known to have copied the claimed invention in detail. (Duchow Dec. ¶¶ 11-13). It is Mr. Duchow's belief that the invention was copied due to its prior success in the boating industry and its novel features that made it particularly well suited for promoting boats over the Internet, i.e., the ability to offer cash rebate vouchers that were redeemable only at the buyer's local dealer. This copying by competitors is further evidence of the non-obviousness of the claimed invention.

For at least the foregoing reasons, claims 4, 12, 16, 21, 24, and 47, as well as all other pending claims in the application are patentable under section 103(a) over the combination of Scroggie and Cupps.

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**B. The Combination of References Fails to Teach or Suggest The Claimed Invention As A Whole**

To establish obviousness under section 103, the prior art must teach or suggest the claimed invention as a whole. As discuss above in connection with the rejection under § 102(e), the reference of Scroggie fails to teach or suggest at least several of the features recited in the claims. In particular, Scroggie fails to teach or suggest the claimed: 1) means or computer program for selecting resellers, 2) the selection of resellers based on both buyer information and product selection, or 3) resellers having predefined distribution territories. Moreover, the Cupps reference also fails to teach or suggest any of these features. Thus, Scroggie and Cupps, either alone or in combination, fail to teach or suggest the claimed invention as a whole.

For at least the forgoing reasons, claims 4, 12, 16, 21, 24, and 47, as well as all other pending claims in the application are patentable under § 103(a) over the combination of Scroggie and Cupps.

**Conclusion**

Each of the pending claims in this application is in condition for allowance and early notice to this effect is earnestly solicited. If, for any reason, the Examiner is unable to allow the application and feels that a telephone conference would be helpful to resolve any issues, the Examiner is respectfully requested to contact the undersigned attorney at the 312-595-1169.

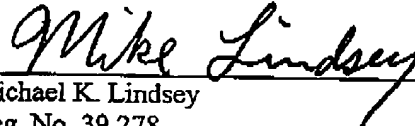
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The Commissioner is authorized to charge any fees which may be required, or  
credit any overpayment, to Deposit Account No. 08-3038/03715.0003.NPUS00.

Date:

12/17/02

Respectfully submitted,



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